



NEWS RELEASE

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Centralized Processing for 504 Loans Speeds Approval Time, Sharply Reduces Staff Needed For 'Backroom' Function

WASHINGTON – The U.S. Small Business Administration efforts to streamline its loan processing operations by centralizing the task in a single center have been a major success, allowing the agency to commit more of its employees in its field office network to working directly with small business clients across the country, SBA Administrator Hector V. Barreto said today.

The centralization of processing functions for the Certified Development Company, or 504, loan program, begun as a pilot 17 months ago in Sacramento, allows the agency to process more loans with fewer staff in less time.

As of Aug. 31, the 504 Sacramento Processing Center has processed more than 3,284 loan applications and approved more than \$1 billion, with an average processing time of about two days, easily surpassing the original goal of six days.

“Consistency, an improved process and higher efficiency are at the core of the 504 Sacramento Processing Center,” said Barreto. “Prior to opening the Sacramento center, we had more than 70 staffers processing 504 loans in field offices nationwide. Now we do an even better job with only 15 employees. This improved efficiency has allowed us to free up district-office resources and personnel to increase assistance to a greater number of small businesses, and it has allowed more district office staffers to focus on marketing and outreach.”

The effort began in March 2003 as a pilot program aimed at achieving higher efficiency in processing 504 loan applications by centralizing the processing operations of three district offices. In light of its initial success, the SBA has added the processing work from 80 district and branch offices to the 504 processing center over the past three months. The last eight district and branch offices are expected to be centralized by September.

The success of the 504 Sacramento Processing Center has been such that the National Association of Development Companies, the 504 trade association, has expressed strong support for the centralization effort. The 504 loan program is experiencing a record-breaking year for loan volume, with 7,449 small business loans worth \$3.57 billion approved so far in the current fiscal year.

For more information about all of the SBA's programs for small businesses, visit the SBA's extensive Web site at <http://www.sba.gov> in English, or www.negocios.gov in Spanish.